



PUBLIC UTILITY DISTRICT NO. 1
OF
JEFFERSON COUNTY

January 8, 2018
**Citizen Advisory Board
Meeting**

*Final
Minutes*

A meeting of the Public Utility District No. 1 of Jefferson County (PUD) Citizen Advisory (CAB) was held at 310 Four Corners Road, Port Townsend, Washington, on January 8, 2018. The meeting was convened by Chair Doug Huber at 2:30 p.m. Attending:

CABMembers:

Roger Risley
Larry Dennison (Vice Chair)
Peter Lauritzen
Norman Norton
Doug Huber (Chair)
Tim Tibbals
Russ Michel
Karen Bennett

PUDRepresentatives:

Commissioner Kenneth Collins
Don McDaniel, Consultant
Will O'Donnell, Communications Manager
Bill Graham, Resource & Conservation Manager
Cammy Brown, Recorder

AGENDA

There were the following changes or additions to the agenda:

Suggestion to move Smart meters under Next Steps.

Move the Low Income Report Recommendation up behind Craft3 presentation.

Community Solar Committee added to Next Steps or Additional Board Actions.

Russ Michel wanted to add CAB Governance to the Agenda.

MOTION: Larry Dennison made a motion and it was seconded by Russ Michel that the Agenda be approved as amended. Motion unanimously carried.

Approval of Minutes from Last Meeting:

There was a typo on Page 3 of the December 11, 2017, CAB Minutes under “Noxious Weed”, fifth line down should read “weeds” instead of “week”.

On Page 1, paragraph after list of attendees, second sentence, “Risley came into the meeting at 2:35 p.m. ...” should be “Risley came into the meeting at 2:45 p.m. ...”

Page four, under “Broadband Delivery Strategies Subcommittee Report”, second line, change “Norm Norman” to “Norm Norton”.

Chair Doug Huber stated that he will have to leave the meeting at 4:00 p.m.

MOTION: Russ Michel made a motion to approve the minutes of the Citizens’ Advisory Board meeting of December 11, 2017, as amended, seconded by Larry Dennison. Motion unanimously carried.

Chair Doug Huber mentioned at this time that there was a quorum.

Public Comments:

Voluntary introductions were made. No public comments were made at this time.

Craft3 Program: (Handout No. 1):

There was a presentation made by Desiree Sideroff, Senior Vice President and Products Manager of Craft3 and Erika Lindholm, Vice President, Senior Business Lender. This program allows for home energy loans. Craft3 used to be Shore Bank Enterprise, Cascadia and there were other names before that. They are a non-profit community development financial institution that make mission oriented loans – they are not a bank. They have a triple bottom line mission. With all of their work they aim to have an environmental and a social equity and economic benefit. They are fully licensed consumer lenders. They have been helping people replace their failing septic systems in this area for about ten years. They have many different kinds of commercial loans and they do loans for conservation and many other things.

They have been doing energy efficiency loans for quite a while in other places. They have offices across Oregon and Washington (Seattle, Spokane, Portland, Bend, Astoria and Klamath Falls and Walla Walla).

Overview of the Home Energy Efficiency Loans. After seeing a real interest in our clean water loans about 8 or so years ago they started looking into energy efficiency and the challenges that families in the amount of money it takes to do an energy efficiency upgrade. They looked at people's utility history payment as one of the proxies for how to do their credit approval.

At this point we have three utilities in various parts of Washington and four utilities in Oregon that they have been working with over time. They have delivered about 43 million dollars' worth of energy efficiency loans.

The nuances of the program are slightly different in each location but generally it is 100% financing. They do it so that people don't have to pay out-of-pocket. They can normally reach credit scores as low as 590 and then even at that they can go lower sometimes depending on their situation. In Washington their interest rates are 4.99 fixed. They are able to extend the loan terms between fifteen and twenty years and that helps to keep payments low.

The homeowners pay their loan on their utility bill. The way it works is that there is just one line on their bill that says either Craft3 Loan or Home Energy Efficiency Loan and it is the same amount every time they have a payment.

The utility does not have to do anything. Their loan process is quick. They don't require pay stubs or home appraisal or home equity. They do electronic document signing and they pay contractors directly. They can pay up to half the project up front to help them with the materials and labor so that they could do a lot of jobs at once instead of them having to front all the money. The customer is still in charge of their project so they still have to authorize all payments. It is still their money.

There were some questions from the CAB members.

Low Income Sub-Committee Report/Recommendations:

Doug Huber gave a report and went over Handout No. 2 (recommendations and issues) attached. The sub-committee came up with approximately nine issues and they recommended four of them. The others were for further study. The sub-committee, Doug Huber, Larry Dennison, Peter Lauritzen and a representative from the Board of Commissioners met with OLYCAP staff, members of St. Vincent de Paul, Habitat for Humanity, Seattle City Lights, Peninsula Housing Authority and a representative from Craft3. They evaluated the current PUD low income energy assistance program with the goal of increasing program participation. Two dollars of the electrical bill, the basic, goes towards low income. That generates \$400,000 (estimate) with only \$200,000 of it was used. That is why the subcommittee was formed. How do they find more information on the utilization of the program? The PUD has \$35.00 per month discount for low income customers who have income at or below 125% of the poverty level. The PUD has about 200 customers enrolled in that program.

The PUD chose to add \$2.00 to the residential customer base fee to offset the loss of revenue of establishing the low income energy assistance program. Every customer that the PUD serves in participating in this low income program annually. Not enough people were signing up for a variety of reasons. They are trying to increase the number of people in the program and this is the way to do it.

MOTION: Larry Dennison moved to approve the four recommendations as presented and to send the recommendations to the PUD Board of Commissioners.

AMENDED MOTION: A friendly amendment was made to the motion by Russ Michel to approve on Issues 1, 2, 3, and 4 and send those issues to the PUD Board of Commissioners for approval and to approve Issues 5 through 9 for further study and reporting back to the CAB for review and/or approve/disapproval at a later date. Larry Dennison accepted that friendly amendment. This amendment was seconded by Norm Norton. Motion carried unanimously.

- **Recommendation No. 1:** The PUD should seek to reach an agreement with the Peninsula Housing Authority to automatically enroll Section 8 housing participants into PUD low income energy assistance program.
- **Recommendation No. 2:** The PUD should increase the maximum income level from 125% to 150% of the federal poverty level for both the monthly low income energy discount as well as the Power Boost program to increase the number of program participants.
- **Recommendation No. 3:** The PUD should establish an “on-bill” financing option (with 3rd party financial institution) to help with upfront costs of weatherization and energy efficiency improvements.
- **Recommendation No. 4:** The PUD should improve marketing efforts for both the low income energy assistance program and the “Power Boost” program.

Commissioner Kenneth Collins voiced his appreciation to the participants of the sub-committee for their work on the document.

Broadband Delivery Strategies – Sub-Committee Report. Assistant General Manager Kevin Streett made a report on Broadband Delivery Strategies. The broadband issue has changed weekly for the last several months.

- The PUD is meeting with NoaNet at least three times a week.
- The PUD is moving out of the Mobilisa site. It should be done by end February.
- The PUD is increasing the capacity of existing fiber.
- The PUD is looking at installing a second feed out of Jefferson County to combine NoaNet and PUD networks for looping reliability.
- The PUD has agreed to a revenue sharing.

- The PUD has done new and defined work roles sharing of responsibilities.
- NoaNet now is willing to extend the O&M agreement if the PUD chooses to do so for multiple years.

The second group the PUD is working with is Joel Paisner Ascent Law Firm.

- The PUD is doing rate review working with NoaNet and the PUD is going to drop our monthly recurring costs and our new construction costs.
- The PUD is looking at funding and how telecom can be funded. There are a lot of things that the PUD can or cannot do. The PUD will get direction from the legal firm moving forward.
- There are new and modified agreements going on with NoaNet. The PUD is working with the City of Port Townsend on common goals with the PUD's legal firm.
- In working with the City of Port Townsend the PUD has new agreements on the Water Street Project.
- The City has agreed to give the PUD access to the tunnels downtown for not only a string of fiber but for network equipment.
- Through the City the PUD is working on a map to have Wave, CenturyLink and PUD networks together so the PUD can have access to where the connections actually are, what speed is available and where is it available.
- The PUD has some common goals with the City in moving forward – not only the mapping but looking at opportunities in the City itself. The PUD is actively working on promoting the downtown area for broadband. There will probably be ten buildings to get hooked on the existing fiber.

The third group the PUD is working with is the County:

- The PUD is working with the county on the building requirements to install additional conduit for communications.

The fourth group the PUD is working with is WAVE:

- To share their maps.
- They have agreed to trench cost sharing.
- The PUD is meeting with WAVE on a regular basis.

The fifth group the PUD is working with is CenturyLink:

- The PUD is working on the project for Marrowstone
- They have tentatively agreed to the cost-sharing.

Projects that the PUD is working on at this time:

- Network redesign.
- Water Street project.
- Running new conduit to buildings downtown outside Water Street project.
- The New O&M area for Port Townsend

- The PUD is included in the QFC Double Circuit Project a fiber optic ring.
- The Swansonville electrical upgrade will include fiber.
- The PUD is putting in new equipment at 310 Four Corners. Most of the equipment has already been purchased.
- The PUD is looking at completing three rings of fiber in the next year.
- The PUD is doing an expansion in Quilcene – bring in WAVE link to the PUD’s substation.

Other items being worked on.

- The PUD is working very hard on how to fund the projects in telecom. Part of that will be the electric side.
- The PUD is working on the fiber optic network through electrical and other means. There is an issue.
- The PUD is reaching out to the City, the Port and other entities for common ground on the fiber optic network and broadband.
- There is expansion plans alongside electrical.
- Within a couple of months there will be an increase in revenue coming in for telecom.
- Within two months the PUD will know where the new build mainline is happening.
- The PUD is putting conduit everywhere but the PUD is going to start bringing some mainline fiber for opportunities for electrical provision.

NoaNet and the PUD are working together on a network design. This is a new development on the downtown area project where the PUD is to use the tunnels to come into and disperse fiber out of those tunnels. NoaNet is going to help us out on the designs of that network. NoaNet has no funding. NoaNet ran a deficit last year. All the funding has to come from the PUD. They have agreed to revenue sharing.

Some of the projects that are on hold right now for fiber are based if we go ahead with the AMI project we would string fiber to collectors to pick those up.

There was some discussion of sharing access to fiber between WAVE and the PUD.

Question: Would it make sense for the commissioners to send a letter in support of Senate Bill 5935. Is that on the docket for this legislative session?

Response: That has the support of WPUDA. Senator Sheldon attends the PUD Association meetings. It was agreed that an additional letter of support would not enhance the support.

When NoaNet gets off the Peninsula based on a small stretch of laid fiber and a bigger stretch of CenturyLink fiber and it goes across the bridge in Port Ludlow. The PUD is looking at a whole new way off the Peninsula for redundancy that would be a pretty valuable piece to complete.

There were two requests from a CAB member:

- Send Kevin Streett's notes to all CAB members.
- As the Broadband sub-committee continues to look at ways to expand broadband further into Jefferson County that may result in a variety of possible solutions – it may be wireless or it could be anything – could we see draft maps of where fiber is considered? Sometimes just knowing there is a slim possibility fiber could be extended in an area would help the subcommittee sort through the solutions that might be available to people in the county. Even if it never came to pass it would still be helpful.

The PUD prefers to wait until it knows where it is going to put fiber in the area before it begins to advertise. The PUD is making some internal changes. Will O'Donnell is going to be the NoaNet representative and he will be attending the NoaNet meetings. Colton Worley will be assigned to the Broadband group to get information to them. He does the outside plant for the network and the group may speak with him and he can give you an update.

There was a mention that the maps that portray many of our larger projects could be indications of where there is going to be a future fiber connection. The PUD does not run any conduit without installing fiber also.

There was discussion of conduit being laid on Eaglemount? CenturyLink already runs up and down Eaglemount. The PUD is based on the other side of the road. If the PUD builds down Center Valley Road it would be very easy to tap off and put fiber down in Eaglemount. That is way down in the future. There is a provision to have fiber optic in with the power on Eaglemount.

Comment: There was confusion voiced in terms of roles and responsibilities of what the CAB is doing here, what the commissioners are doing and what the PUD is doing in terms of existing projects. There is no cohesiveness as to what is actually being done and the sub-committee. A lot of information in the last two months has been given to the Board but it changes every week.

The Broadband Subcommittee is going to put together a report of proposed 2018 First Quarter action items they are working on and submit to the Board of Commissioners on where can the group align with the PUD and make sure that they are both working in support of the programs that the PUD has going on and vice versa because they are looking beyond maybe some of the things that the PUD has to attack on a regular basis and thinking okay are there other creative things that they can do that involve other agencies and other groups and other interested parties to say how can we augment with the PUD is doing to make this successful. That is what they are going to work on next. They are getting an update from Kevin.

Suggestion: Invite Kevin to one of your meetings.

Chair Doug Huber left the meeting and Vice Chair Larry Dennison steps in at this point as Acting Chair.

Point of Information: There was a comment made that there has been some interest from Rock Island Falco in expanding into this county.

PUD Credit Card Use Policy Sub-Committee Report: There is no report. Tom Engle is not present.

CAB Contact Information Discussion: There were some changes on the CAB member roster.

Next Steps or Additional Board Actions: Rick Hughes, Counsel for the PUD, will be invited to present information on Open Public Meetings Act. There was a question about the proposed letter to the editor that was posted on the email server and the response.

Letter to the Editor: Peter Lauritzen has put together a letter to be put in the Leader. He asked the CAB members do they want to put their name on it individually or would it come from the CAB? It was decided to have the legal team look at the letter. The concern was that there is false information out there. The whole CAB approved the letter three years ago and sent it to the commissioners. It was suggested that the CAB invite the Leader do an article on the issue rather than a group of the CAB members send it in and run the risk of violating the Open Public Meetings Act. Is it a CAB topic and has it transitioned itself into being an individual topic as a citizen. Any individual or a couple of individual CAB members as individuals are free to express their opinion. To have something come out representing the CAB as a whole would definitely need to go by the Board of Commissioners. It was decided to leave this issue alone.

Solar Committee Report: Roger Risley reported that they just got the word last Tuesday at the Board of Commissioners' meeting that they would like to proceed on solar. The committee is going to meet. He has been in contact with Washington State University. They are in charge of the solar program. We are still in the early stages of looking at this. In order to get seven year payout and 14 cents a kilowatt hour we have to be up and running by June 30, 2019. This project takes about nine months. That means by September 30th we have to be ready to go and at this point we are not even sure where in the process ready to go is. The sub-committee will be meeting and working on that.

Move Meeting Time: There was a suggestion to move the meeting time to 2:00 p.m.

MOTION: Motion was made by Tim Tibbals to move the meeting start time to 2:00 p.m..

Motion was seconded by Karen Bennett. Motion carried unanimously.

Add to Agenda for Next Meeting: It was suggested that CAB governance be added to the Agenda for the next meeting.

Public Comment: There was a comment on using the PUD as a pass through. This topic was discussed at the Craft3 presentation. Can the PUD enter into an agreement with – whether profit or nonprofit – supporting and advocating for one particular vendor in the way of financing? It was suggested that the Legal Counsel should look into this.

Comment: If there is a guest speaker who makes a presentation and the public is not allowed to comment until the end of the meeting, how do you ask questions if the speaker has already left? Is it possible to insert some comment periods after a presentation?

MOTION: A motion was made by Roger Risley to open for discussion a place where when we have guest speakers that need to be questioned there is a place to do that. Roger Risley withdrew his motion.

It was agreed that the Citizen Advisory Board would follow the same meeting agenda format that the Board of Commissioners uses.

Comment: There is no strategy regarding Broadband. There are a lot of ideas. What is the next step? I think I heard that the sub-committee to set up a meeting with Kevin to sit down and try to get more detail on the strategy? Maybe make recommendations for the strategy.

Response: At some point we will give a report to the Board of Commissioners. We are going to put together what might be an outline on what the topics would be in that report and for the first quarter of 2018 we are going to share with this group and the Board what we think we are going to work on the first quarter. We do research in certain areas and so forth. That is what you will see next is that list of action items for the next three months. The CAB will set up a series of meetings. We need a little bit more clarity. Some of the research will clear up here's where we want to go and here's the role of the PUD.

ADJOURNMENT

MOTION: Motion was made by Roger Risley to adjourn the meeting January 8, 2018, meeting of the Jefferson County Citizens' Advisory Board. The motion was seconded by Tim Tibbals. Motion carried unanimously.

Vice Chair Larry Dennison adjourned the meeting at 4:48 p.m.

Minutes prepared by: Cammy Brown, PUD Recorder

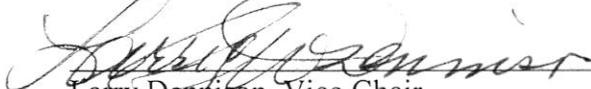
CAB meeting audio file available on website www.jeffpud.org

Approved:



Doug Huber, Chair

12 March 2018
Date



Larry Dennison, Vice Chair

3/12/18
Date

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